



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

REGION 6  
1445 ROSS AVENUE, SUITE 1200  
DALLAS, TX 75202-2733

**MAR 21 2005**

**CERTIFIED MAIL, RETURN RECEIPT REQUESTED:**

7004 0750 0000 7787 3487

Mr. Henri deLaunay  
Environmental Coordinator  
Hilcorp Energy Co.  
1201 Louisiana St., Suite 1400  
Houston, Texas 77002

Re: Expedited Spill Settlement Agreement  
Docket No. CWA-06-2005-4542  
Hilcorp Energy Co.  
Assumption Parish, Louisiana

Dear Mr. deLaunay:

The Environmental Protection Agency (EPA) has authority under Section 311 of the Clean Water Act to pursue civil penalties for oil spill violations. Based upon information available to the EPA, a specific oil spill by your company is identified in the enclosed Findings and Alleged Civil Violations Form (Form). EPA encourages the expedited settlement of oil spill violations, such as the violations cited in the enclosed Expedited Spill Settlement Agreement (Settlement Agreement). The enclosed Complaint and Settlement Agreement has been issued in accordance with 40 CFR Part 22, "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits" (copy enclosed).

You may resolve the cited violations quickly by correcting the cited violations, mailing a check for the penalty as described below, inserting the estimated cost for the corrective action in the space provided on the Settlement Agreement, and signing and returning the original Settlement Agreement within 30 days of your receipt of this letter. As previously stated, as a condition of the settlement, you must correct the violations within 30 days of your receipt of this letter. EPA, at its discretion, may grant one 30-day extension for cause upon request. A request for a 30-day extension should be sent to the OPA Enforcement Coordinator at the address given on page 2 of this letter.

**9689313**



Internet Address (URL) - <http://www.epa.gov/earth1r6/>

Recycled/Recyclable - Printed with Vegetable Oil Based Inks on Recycled Paper (Minimum 30% Postconsumer)

The Settlement Agreement, when executed by both parties, is binding on both you and EPA. Upon receipt of the signed document and a check for the amount of the penalty, EPA will take no further action against you for the violations cited in the Settlement Agreement. EPA will neither accept nor approve the Settlement Agreement if returned more than 30 days after the date of your receipt of this letter, unless an extension has been granted by EPA. (Please be advised that the Settlement Agreement contains a discounted, non-negotiable penalty amount, which is lower than the amount, which would be derived from EPA's National Civil Penalty Policy for discharge violations.)

If you do not pay the penalty and return the Settlement Agreement within 30 days of your receipt of this letter, unless an extension has been granted by EPA, the Settlement Agreement will be automatically withdrawn, without prejudice to EPA's ability to file an enforcement action for the cited violations. Failure to sign and return the Settlement Agreement and pay the penalty within the approved time does not relieve you of the responsibility to comply fully with the regulations, including correcting the violations that have been specifically identified in the Form. If you decide not to sign and return the Settlement Agreement and pay the penalty, EPA can pursue more formal enforcement measures to correct the violation(s) and seek penalties of up to \$11,000 per violation up to a maximum penalty of \$32,500.

You are required in the Settlement Agreement to certify that you have corrected the violations and paid the penalty. The payment for the penalty amount must be in the form of a certified check payable to the "Oil Spill Liability Trust Fund", with the Docket Number of the Settlement Agreement on the check. The Docket Number is located at the top of the left column of the Settlement Agreement.

**The original, signed, Expedited Settlement Agreement and the original, Certified Check Payment of the penalty amount must be sent via CERTIFIED MAIL to:**

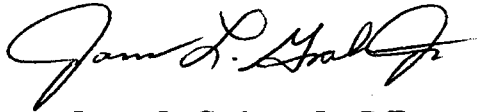
OPA Enforcement Coordinator  
U. S. Environmental Protection Agency  
Region 6 (6SF-RC)  
1445 Ross Avenue  
Dallas, Texas 75202-2733

A copy of the Settlement Agreement and of the penalty payment should be retained by you. EPA will forward to you a copy of the fully executed Expedited Settlement Agreement.

By terms of the Settlement Agreement, and upon EPA's receipt of the signed Settlement Agreement and a check for the amount of the penalty, you waive your opportunity for a hearing pursuant to Section 311 of the Clean Water Act. EPA will treat any response to the proposed Settlement Agreement, other than acceptance of the settlement offer, as an indication that the recipient is not interested in pursuing an expedited settlement of this matter.

If you have any questions, please contact Nelson Smith at (214) 665-8489.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Graham, Jr.", with a stylized flourish at the end.

James L. Graham, Jr. P.E.  
OPA Enforcement Coordinator

Enclosures (3)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION 6, 1445 ROSS AVENUE, DALLAS, TEXAS 75202-2733  
EXPEDITED SPILL SETTLEMENT AGREEMENT

DOCKET NO. CWA-06-2005-4542

On November 12, 2004

At: Hilcorp Energy Co., Assumption Parish, Louisiana  
(Respondent) discharged one barrel of crude oil in violation of Section 311(b)(3) of the Clean Water Act (the Act), as noted on the attached FINDINGS and ALLEGED CIVIL VIOLATIONS FORM (Form), which is hereby incorporated by reference.

The parties are authorized to enter into this Expedited Settlement under the authority vested in the Administrator of EPA by Section 311(b) (6) (B) (i) of the Act, 33 U.S.C. § 1321(b) (6) (B) (i), as amended by the Oil Pollution Act of 1990, and by 40 CFR § 22.13(b). The parties enter into this Expedited Settlement in order to settle the civil violations described in the Form for a penalty of \$500.00.

This settlement is subject to the following terms and conditions:

EPA finds the Respondent's conduct is subject to the discharge prohibition of Section 311(b)(3) of the Act, as described in the statute and further described by 40 CFR § 110.3. The Respondent admits he/she is subject to Section 311(b)(3) and that EPA has jurisdiction over the Respondent and the Respondent's conduct as described in the Form. Respondent does not contest the Findings, and waives any objections it may have to EPA's jurisdiction. The Respondent consents to the assessment of the penalty stated above. Respondent certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that it has investigated the cause of the spill, it has cleaned up the spill pursuant to the federal requirements, and it has taken corrective actions that will prevent future spills. The Respondent also verifies that it has sent a certified check for \$500.00, payable to the "Oil Spill Liability Trust Fund," to: "OPA Enforcement Coordinator, U. S. Environmental Protection Agency, Region 6(6SF-RC), 1445 Ross Avenue, Dallas, Texas 75202-2733." Respondent has noted on the penalty payment check "EPA" and the docket number of this case, "CWA-06-2005-4542."

Upon signing and returning this Expedited Settlement to EPA, Respondent waives the opportunity for a hearing or appeal pursuant to Section 311 of the Act, and consents to EPA's approval of the Expedited Settlement without further notice.

If Respondent does not sign and return this Expedited Settlement as presented within 30 days of the date of its receipt, the proposed Expedited Settlement is withdrawn without prejudice to EPA's ability to file any other enforcement action for the violations identified in the Form.

After this Expedited Settlement becomes effective, EPA will take no further action against the Respondent for the

violations of the Section 311(b)(3) of the Act described in the Form. However, EPA does not waive any rights to take any enforcement action for any other past, present, or future violations by the Respondent of Section 311(b)(3) of the Act or of any other federal statute or regulation. By its first signature, EPA ratifies the Inspection Findings and Alleged Violations set forth in the Form.

This Expedited Settlement is binding on the parties signing below, and is effective upon the Superfund Division Director's signature.

APPROVED BY EPA:

Robert R. Broyles Date: 3/18/05  
Chief, Response and Prevention Branch  
Superfund Division

APPROVED BY RESPONDENT:

Name (print): \_\_\_\_\_

Title (print): \_\_\_\_\_

\_\_\_\_\_  
Signature Date: \_\_\_\_\_

The estimated cost of the corrective action is \$ \_\_\_\_\_.

IT IS SO ORDERED:

\_\_\_\_\_  
Date: \_\_\_\_\_  
Samuel Coleman, P.E.  
Director  
Superfund Division

OREREV.11/18/99 R6REV 5/10/01; 9/19/01;11/ 8/01;1/22/02

## **FINDINGS AND ALLEGED CIVIL VIOLATIONS**

1. Hilcorp Energy Co. is a firm qualified to do business in the State of Louisiana with a place of business located in Houston, Texas. The Respondent is a person within the meaning of Section 311(a)(7) of the Act, 33 U.S.C. §1321(a)(7).

2. Respondent is the owner/operator of an onshore facility within the meaning of Section 311(a)(10) of the Act, 33 U.S.C. §1321(a)(10), an oil production facility, which is located in Assumption Parish, Louisiana (facility).

3. Section 311(b)(3) of the Act prohibits the discharge of oil into or upon the navigable waters of the United States or adjoining shorelines in such quantities that have been determined may be harmful to the public health or welfare or environment of the United States.

4. For purposes of Section 311(b)(3) and (b)(4) of the Act, 33 U.S.C. §1321(b)(3) and (b)(4), discharges of oil into or upon the navigable waters of the United States in such quantities that have been determined may be harmful to the public health or welfare or environment of the United States are defined in 40 C.F.R. §110.3 to include discharges of oil that cause a film or a sheen upon or discoloration of the surface of the water or adjoining shorelines.

5. On November 12, 2004, Respondent discharged one barrel of oil as defined in Section 311(a)(1) of the Act, 33 U.S.C. §1321(a)(1), and 40 C.F.R. §110.1, from its facility into or upon an unnamed wetland area adjacent to Lake Palourde and adjoining shorelines.

6. The an unnamed wetland area adjacent to Lake Palourde enters Lake Palourde and is a navigable water of the United States as defined in Section 502(7) of the Act, 33 U.S.C. §1362(7), and 40 C.F.R. §110.1.

7. Respondent's November 12, 2004, discharge of oil from its facility caused a sheen upon or discoloration of the surface of the unnamed wetland area adjacent to Lake Palourde and adjoining shorelines and therefore, was in a quantity that has been determined may be harmful under 40 C.F.R. §110.3, which implements Sections 311(b)(3) and (b)(4) of the Act.

8. Respondent's November 12, 2004, discharge of oil from its facility into or upon the unnamed wetland area adjacent to Lake Palourde and adjoining shorelines in a quantity that has been determined may be harmful under 40 C.F.R. §110.3 violated Section 311(b)(3) of the Act. Pursuant to Section 311(b)(6)(B)(i) of the Act, and 40 CFR 19.4, the Respondent is liable for civil penalties of up to \$11,000 per violation, up to a maximum of \$32,500.

## Hilcorp Energy Company

Post Office Box 61229  
Houston, TX 77208-1229

1201 Louisiana Street  
Suite 1400  
Houston, TX 77002

Phone: 713/209-2400  
Fax: 713/209-2420

January 31, 2005

### CERTIFIED MAIL



Mr. Nelson Smith  
Superfund Division (6SF-RO)  
U.S. EPA Region 6  
1445 Ross Avenue  
Dallas, Texas 75202-2733

Dear Mr. Smith,

**SUBJECT: CLEAN WATER ACT, SECTION 308 INFORMATION REQUEST- OIL  
RELEASE IN ASSUMPTION PARISH, LA 11/12/04**

Hilcorp Energy Company is writing this letter in response to your request for information on an oil spill that occurred at one of its oil and gas fields in Assumption Parish, Louisiana. The spill occurred in Hilcorp's East Lake Palourde Oil & Gas Field. The field consists of eight (8) producing wells, one (1) injection well, one (1) active tank battery and associated production equipment. The spill was reported to the National Response Center (Report #741225), LA State Police and LA Department of Environmental Quality (incident #04-07987). The requested information follows here.

1. Please find attached for your review a copy of the incident report letter submitted to the LA Department of Environmental Quality. The body of water affected was an unnamed swamp area adjacent Hilcorp's Lake Palourde production facility in Section 30, T15S-R14E of Assumption Parish.
2. The amount of product spilled was estimated to be approximately one (1) barrel of oil.
3. The spill was discovered at approximately 1:45 PM on November 12, 2004. Hilcorp personnel immediately shut off the source of the spill and deployed absorbent pads and boom to contain the spill. Hilcorp contracted Oil Mop Inc. (OMI) to perform cleanup operations. Clean-up operations lasted approximately one (1) day and maintenance of the affected area lasted approximately one (1) week.
4. The leak was caused by a leak on the flowline serving the Williams #6 and #7 wells. It is possible that corrosion was a factor in this leak.
5. The affected water body was an adjacent swamp near Hilcorp's East Lake Palourde production facility. Downstream water bodies include Lake Palourde and Bayou L'Ourse. None of these water bodies were affected by this incident.
6. See attached map.
7. The East Lake Palourde production facility can be located on the attached aerial photograph. The line responsible for this discharge was the flowline serving the Williams #6 and #7 wells. The faulty line was repaired immediately following the release.
8. See attached aerial photograph. Spill location was in the swamp adjacent the production facility. The affected area was  $\pm 20' \times 30'$ .
9. No pictures relating to this spill were obtained.
10. To date, Hilcorp has not been assessed any penalties by any agencies relating to this incident.

January 31, 2005

Cleanup operations have been completed. No significant damage or lasting impacts to the environment was noted as a result of this spill. If you need any further information, please do not hesitate to contact me directly. Thank you for your understanding and cooperation in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Henri deLaunay". The signature is fluid and cursive, with the first name "Henri" and last name "deLaunay" clearly distinguishable.

Henri deLaunay  
Environmental Coordinator  
Hilcorp Energy Company

cc: File

**Hilcorp Energy Company**

November 15, 2004

**CERTIFIED MAIL**

Louisiana Department of Environmental Quality  
Office of Environmental Services  
P.O. Box 4312  
Baton Rouge, La 70821-4312

Post Office Box 61229  
Houston, TX 77208-1229

1201 Louisiana Street  
Suite 1400  
Houston, TX 77002

Phone: 713/209-2400  
Fax: 713/209-2420



*Dear Louisiana Department of Environmental Quality,*

**SUBJECT: EAST LAKE PALOURDE FIELD - WILLIAMS #6 & #7 FLOWLINE LEAK,  
ASSUMPTION PARISH, LOUISIANA**

Hilcorp Energy Company is writing this letter as a formal follow up on a small oil spill that occurred at its East Lake Palourde Field in Assumption Parish. On November 12, 2004, at approximately 1:45 p.m., Hilcorp personnel discovered a leak on the flowline serving the Williams #6 and Williams #7 wells in East Lake Palourde Field. The oil impacted a swamp area approximately 20' x 30' in size. Hilcorp personnel immediately shut in all production going through this flowline. Sorbent pads and boom were deposited to recover the free oil. It is estimated that one (1) barrel of oil impacted the swamp area. No injuries or harm was noted to humans or wildlife. No significant damage to the environment was noted as a result of this incident. Hilcorp will continue to monitor the area and remediate as necessary. The State Police and LADEQ were notified at 2:30 p.m. on the day of the release and issued incident number 04-07987. The National Response Center was notified and assigned incident #741225. If you have any questions or need any further information, please do not hesitate to contact me directly. Thank you for your time and understanding in this matter.

Sincerely,

Henri C. deLaunay  
Environmental Coordinator  
Hilcorp Energy Company

cc: Louisiana State Police  
Right to Know/Emergency Response Commission  
Tess Mail Slip #21  
P.O. Box 66614  
Baton Rouge, LA 70896-6614

Tommy Porter  
Wes Hart  
James Anhauser  
Mike St. Clair  
Pat Dever  
Jill Goss  
Gene Campbell  
File



# **T. Baker Smith & Son, Inc.** **Professional Consultants**

PLANNING - DESIGN - CONSTRUCTION MANAGEMENT - OPERATIONS COMPLIANCE  
 SURVEYING - ENGINEERING - ENVIRONMENTAL SERVICES  
 (985) 868-1050 [www.tbsmith.com](http://www.tbsmith.com)



**Hilcorp Ener**  
 Post Office Box  
 Houston, TX 77

**CONCURRENCE ROUTING  
OPA ENFORCEMENT**

**TYPE OF ACTION:**

**Expedited Settlement Agreement**

Hilcorp Energy Co.  
Assumption Parish, Louisiana  
NRC No. 741225  
Docket No: CWA-06-2005-4542

(6SF-RC)

Nelson Smith

2/17 3/17/05

(6SF-RC)

James L. Graham

Jy 3/17

(6SF-R)

Robert R. Broyles

(6SF-RC)

Robert F. Jones

HCE

**SENDER: COMPLETE THIS SECTION**

- ☒ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- ☒ Print your name and address on the reverse so that we can return the card to you.
- ☒ Attach this card to the back of the mailpiece, or on the front if space permits.

**1. Article Addressed to:**

Mr. Henri deLaunay, Environmental Coordinator  
Hilcorp Energy Co.  
1201 Louisiana St., Suite 1400  
Houston, Texas 77002

**2. Article Number**

(Transfer from service label)

7004 0750 0000 7787 3487

05-4542

**COMPLETE THIS SECTION ON DELIVERY****A. Signature**

X



☐ Agent

☐ Addressee

**B. Received by (Printed Name)****C. Date of Delivery**

3/23/05

**D. Is delivery address different from item 1?**

☐ Yes

If YES, enter delivery address below:

☐ No

**3. Service Type**

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

**4. Restricted Delivery? (Extra Fee)**

☐ Yes

UNITED STATES POSTAL SERVICE



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

° Sender: Please print your name, address, and ZIP+4 in this box °

MR. JAMES L. GRAHAM  
U.S. EPA (6SF-RC)  
1445 ROSS AVENUE  
DALLAS, TX 75202



7004 0750 0000 7787 3487

U.S. Postal Service™

**CERTIFIED MAIL™ RECEIPT**

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)®

**OFFICIAL USE**

Postage \$

Certified Fee

Return Receipt Fee  
(Endorsement Required)

Restricted Delivery Fee  
(Endorsement Required)

Total Postage

Sent To

Street, Apt.

or PO Box

City, State, ZIP+4

Henri deLaunay  
Hilcorp Energy Co.  
1201 Louisiana St., Suite 1400  
Houston, Texas 77002

7004 0750 0000 7787 3487

3-21-05

Postmark  
Here

054542

PS Form 3800, June 2002

See Reverse for Instructions